

Sen. Ensign Holds News Conference on Broadband Access

LIST OF SPEAKERS

ENSIGN:

Good morning. I'm Senator John Ensign from Nevada.

Today, I'm introducing legislation that will modernize communication laws for the 21st century.

It's a whole new world in communications. Advances in technology have left the '96 Telecommunications Act behind.

This legislation that I'm introducing today will transition us from a world of stifling government-managed competition to a consumer-controlled marketplace.

This bill impacts the services that are important to American consumers. Video services. Voice services. Wireless services. And broadband service.

We put in place federal rules that encourage market forces to work and that allow consumers to choose the best products and services at the best prices.

Changes in technology necessitate that we update these rules if America is going to be competitive in the face of global competition.

For example, foreign companies, like Skype out of the Netherlands, did not exist just a few short years ago. Skype is a company that started out and that is a peer-to-peer. In other words, computer-to-computer. They started out just making phone calls. They've expanded into many other services now.

Skype has signed up 40 million customers worldwide, a company that did not exist just a few years ago. Ten million of those customers are in the United States alone.

And this is significant because this is a service that is siphoning traffic away from our own domestic carriers. This is a service we cannot tax, we cannot regulate, and we cannot control.

Make no mistake about it, even if we tried to regulate it, others would pop up and fill the void, just like what happened to the music industry and all the other peer-to-peer file-sharing programs that popped when Napster was shut down.

This underscores the need for us to update our laws so our domestic carriers that employ United States workers can compete in this world of global telecommunications.

The investment in broadband this bill will bring is critical to our competitiveness as well. In this global economy, Americans need the resources to compete, and broadband is an essential tool that will allow our workers to compete with anyone in the world.

Just yesterday the latest numbers came out: 700,000 Americans now rely on eBay as their source for the business of the primary income. These are new jobs for an information age, and Americans must have access to information and ideas, and must have the ability to communicate if they are going to be successful in this information economy.

Consider for a minute the amount of investment we could expect if we can update our laws. A study by the U.S. Chamber of Commerce said that a market-based competition could deliver an additional \$634 billion in GDP growth and 212,000 U.S. jobs over the next five years. And over the next 20 years, a modern U.S. broadband policy that encourages vigorous investment and deployment could deliver as many as 1.2 million jobs spread throughout the U.S. economy.

We need to get investment dollars flowing. Wall Street likes clear, understandable rules that minimize litigation and uncertainty, and we do this.

Consider recent articles on United States broadband penetration compared to the rest of the world. These are just a couple of headlines. "U.S. 16th place," and, "The U.S. is falling farther and farther behind in broadband." And that is completely unacceptable. The United States should be first, not 16th in the world when it comes to broadband.

Technology is bringing consumers new options every day for how they communicate. And consider the various ways that different consumers get access to broadband. We all know the wireless devices, whether we're talking WiFi or we're talking the cellular phones that everybody uses. Satellite.

Wire line. Power lines coming into the house. Or the cable modem.

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ENSIGN:

These are all ways in which broadband can be brought into a person's home. And this is exciting because companies are getting into each other's traditional lines of business and competing for consumers' dollars.

For example, cable companies now are offering voice. Phone companies are launching video service. Wireless companies are doing broadband. And phone calls can be made over the Internet. And despite a variety of options for consumers, we still regulate these companies based on ancient history, on how a company grew up, instead of recognizing the realities of the marketplace and regulating similar services in similar ways.

This bill addresses this concern by implementing a set of federal consumer protection measures to ensure consumers get high quality service from all providers.

By setting federal standards that states can enforce we will allow national carriers to invest and compete without a patchwork quilt of regulations. But there still will be a local point of contact if consumers have problems.

And if we update our communications laws to encourage investment in this kind of competition, consumers will benefit -- consumers will benefit -- from more choices at better prices.

The wireless industry is a great example of what can happen if we trust consumers, not government, to choose the winners and losers in the marketplace. For the last decade the wireless industry has been allowed to grow and innovate with very minimal regulation.

ENSIGN:

And we also ensure that local governments can continue to manage their rights away. I live in the fastest-growing state in the country. We are building roads, new roads all the time. You want that local government, if they just paved a new road, to not have it cut up a month later. And that's exactly what we do. We allow them to manage their rights away. And this is one of the big issues that the mayors that have visited my office have talked to us about.

Many are looking for controversy on this issue of municipal networks. I believe that the policies that are in this bill are very reasonable. We encourage new investment in communities that may be unserved.

In other words, if a municipal government wants to provide broadband services and other services, this bill allows them to do that if the marketplace has not provided that service. And there are cases that we see across the country.

However, it is my firm belief that government cannot innovate nearly as quickly as the private sector, and so that the consumer will benefit if the private sector is providing these services.

And that is why we give the private sector basically a first right of refusal. But if they won't come into an area, we say to the local government, go ahead and provide these services.

But we also say to that local government, if you do provide those services and some private company wants to come in and you've given yourself advantages, you have to give the same advantages -- low tax, whatever those rights of ways are -- you have to give the same advantages to the private companies.

In conclusion, I want to first of all thank Chairman Stevens for encouraging us to go forward with this legislation. We've been in direct contact with him on a daily basis. He is encouraging as many ideas out there as possible. He's encouraging us now to go ahead and sign up co-sponsors, which we'll start working on today. And we're hoping that this bill is the impetus that will push forward updating and really modernizing the telecommunication laws for the United States.

And I'll be happy to take any questions. One question I know that will be asked, so I'll go ahead and anticipate it: We did not address universal service in this bill, the universal service fund. And the reason that we didn't is really out of deference to Senator Stevens and Inouye. They know a lot more about that issue than I do, and out of deference to them we hope that we can work with them on that issue, but it is not something we incorporated in this bill.

QUESTION:

Why would you allow -- why are you choosing corporations over local governments who can often and have (OFF-MIKE) that in Tennessee that provides cheaper service, inexpensive service, it belongs to the taxpayer, and yet your bill would provide that they open it to competition, if they want two commercial services. Isn't that supporting commercial services over the citizens?

ENSIGN:

No. Actually I believe that if you look from a consumer's perspective, try to imagine -- I mean, I held this up as an example of the private sector competing and how fast they can innovate.

Now, can you imagine if you want to change something and you got to go before the local city council every time you want to change something. They just can't -- government cannot react nearly as quickly as the private sector.

So we've said that if the private sector isn't stepping up to the plate, then let's go ahead and let the local municipality provide those services. But the government should not -- I just fundamentally believe the government should not compete with the private sector when they can give themselves built-in advantages. They at least should have to give those same advantages to the private sector.

QUESTION:

(OFF-MIKE) addressed a number of the concerns that the cable companies have had and they said that philosophically your bill was pretty much on track. Does that mean that they support this in your discussions with them as you've been crafting this?

(CROSSTALK)

QUESTION:

... their response will be to this?

ENSIGN:

I don't expect them to oppose the bill. I know that they still have some concerns. We've had many discussions with the cable industry. We've had discussions with local governments, state governments, cable companies, phone companies, experts in technology fields, venture capitalists. You name it, we've tried to take as much input to craft this legislation as we can, and we've tried to address some of those concerns. And cable companies, they still have some concerns with the bill, but I think that they do believe it's headed in the right direction.

QUESTION:

Three quick questions. Why the 5 percent requirement? Telephone companies already pay for the rights of way. Many of them argue that they shouldn't have to pay an additional fee unless there's some broader reform of taxation for telecommunication services.

ENSIGN:

The 5 percent is what they're allowed to collect up to right now. And we just decided to leave that alone at this point. Local governments are very concerned about that continuing stream of revenue.

A side note to that, that all of those issues are going to have to be addressed, obviously that takes into account the Finance Committee. And so the whole taxation, how we're going to deal with it, has to

be addressed in the future, as I mentioned, because of companies like Skype. So that will have to be dealt with.

But as you know, when you're putting together legislation, you try to put together legislation that has a chance of not getting bogged down with too many things. And so we've put a lot in this legislation, but we also tried not to put too much in to bog it down too much.

QUESTION:

Do you have any provisions regarding net neutrality or nondiscriminatory neutrality?

ENSIGN:

Yes.

QUESTION:

How would your bill match with the alternative approach that Mr. Arney's taking on that side?

ENSIGN:

I can't answer that second part, but I can answer that we do address net neutrality. We basically say that consumers should have rights to access, and they should not be denied services onto the Web. It should remain unfettered and people shouldn't be able to control it.

We think we've addressed it in a real balanced way.

QUESTION:

You talk about the wireless industry as being a model. I have two questions. First of all, how does it help the wireless industry? (inaudible) because you said that to get ETC (inaudible) they have to offer long-distance access. And right now, that would kill the (inaudible) minute plans.

MICHAEL SULLIVAN, ENSIGN LEGISLATIVE ASSISTANT:

The ETC obligation of equal access...

ENSIGN:

Come on up here, Mike. Michael Sullivan is my legislative assistant that has done yeoman's work on helping draft the legislation.

SULLIVAN:

The equal access provision is just for the incumbent telcos, the ILECs. In fact, you'll see specifically in the bill we say that nothing in this act shall say that there's a new obligation to provide equal access that a provider does not already do on date on enactment.

QUESTION:

(OFF-MIKE)

SULLIVAN:

The other part of the question was the wireless industry gets preemption. Last year they faced 1,500 different bills trying to regulate them different ways in state and local governments, everything from font size in their ads to all of those types of things.

So we wanted to set federal standards, once again across the board, so that these companies don't have to face right now 30,000 cable franchise authorities. Well, just think about how many local governments there are out there, and those are -- the 1,500 is what they face today. How many is it going to be two years from now if it's allowed to continue that way?

QUESTION:

Do you have any specific provisions in here that apply to the provision of high-speed Internet access, whether by cable companies or over DSL (OFF-MIKE)?

ENSIGN:

What do you mean by that?

QUESTION:

(OFF-MIKE)

ENSIGN:

What we're doing basically is technology neutrality in the bill. And so, regardless of who is providing whatever technologies that are out there, we're trying to not pick what technologies should be offered or what delivery method should be offered.

They should all, in a zeros and ones world, we should allow them to be regulated the same in that regard, not, once again, based on whether you're a local phone company or whether you're a long distance or whether you're a cable company or whatever. If you're providing that service, we want to have the laws that reflect the world as we see it and the world as we see it developing.

QUESTION:

(OFF-MIKE)

SULLIVAN:

I would just say that we put DSL and other high-speed broadband technologies on an equal footing with the cable world post- Brand X. So the playing field is level.

QUESTION:

You mentioned that you're going to be seeking co- sponsors today, and you may have to share some jurisdiction with the Finance Committee. Can you give us sort of your outline of your timetable for pushing this legislation forward?

ENSIGN:

Obviously, Chairman Stevens determines pretty much the timeline of how things are going forward. What we're trying to do now is to set a marker out there that people can look to, can start, you know, whether it's hearings, whether it's hearings on our bill, or at least starting the hearing process, and the discussion process.

With Tauzin-Dingell things had kind of shut down on telecommunications around here, and we need to get it going again, because when we had the headlines up here about broadband, we're falling farther and farther behind in broadband.

Technology is pushing forward, but our current laws are not allowing Americans to keep up. We're not going to keep jobs in America because of companies like Skype, and we're not going to allow American business and American consumers to have the same kind of choices that they have in other countries.

And in a global economy today, I think that somebody in North Dakota should be able to have the same kind of service that somebody in India has, because that job can go to India just as easily. And you want to talk about outsourcing as far as jobs going overseas, this will, I believe, help us keep jobs at home in a big way.

QUESTION:

Because you're the chairman of the subcommittee, are you not going to hold subcommittee hearings?

ENSIGN:

Well, Chairman Stevens has requested that telecommunications be held at the full committee.

QUESTION:

(OFF-MIKE)

SULLIVAN:

Yes, they would.

QUESTION:

(OFF-MIKE)

SULLIVAN:

It would maintain a safety net of basic telephone service at a fixed rate, but other advanced services, broadband, would no longer be subject to rate regulation.

ENSIGN:

It's just a basic guarantee of phone service that we leave in the bill.

OK? Thank you all very much. Appreciate it. Appreciate your attendance.